

1 H.541

2 Introduced by Committee on Ways and Means

3 Date:

4 Subject: Taxation; Income taxes; capital gains; estate taxes; exclusion; first
5 time homebuyers program; downtown and village center tax credits;
6 rooms tax; land gains tax; property transfer tax; fuel tax.

7 Statement of purpose of bill as introduced: This bill proposes to make
8 numerous changes affecting the revenue of the State through reducing the
9 capital gains exclusion, increasing the estate tax exclusion, increasing the
10 funding for the first time homebuyers program and the downtown and village
11 center tax credit, clarifying the scope of the rooms tax collection requirements,
12 clarifying who pays the property transfer tax, making changes in the land gains
13 tax and the fuel tax, and extending the sunsets on the health information
14 technology funding and the home health agency provider tax.

15 An act relating to changes that affect the revenue of the State

16 It is hereby enacted by the General Assembly of the State of Vermont:

17 * * * Capital Gains Exclusion * * *

18 Sec. 1. 32 V.S.A. § 5811 is amended to read:

19 § 5811. DEFINITIONS

1 this subdivision (21)(B)(ii) shall not exceed ~~40~~ 30 percent of federal taxable
2 income, or \$450,000.00, whichever is less;

3 * * *

4 (28) "Taxable income" means, in the case of an estate or a trust, federal
5 taxable income determined without regard to 26 U.S.C. § 168(k) and:

6 * * *

7 (B) decreased by the following items of income:

8 * * *

9 (ii) with respect to adjusted net capital gain income as defined in
10 26 U.S.C. § 1(h), reduced by the total amount of any qualified dividend
11 income: either the first \$5,000.00 of such adjusted net capital gain income; or
12 ~~40~~ 30 percent of adjusted net capital gain income from the sale of assets held
13 by the taxpayer for more than three years, except not adjusted net capital gain
14 income from:

15 (I) the sale of any real estate or portion of real estate used by
16 the taxpayer as a primary or nonprimary residence; or

17 (II) the sale of depreciable personal property other than farm
18 property and standing timber; or stocks or bonds publicly traded or traded on
19 an exchange, or any other financial instruments; regardless of whether sold by
20 an individual or business; and provided that the total amount of decrease under

1 this subdivision (28)(B)(ii) shall not exceed ~~40~~ 30 percent of federal taxable
2 income, or \$450,000.00, whichever is less; and

3 * * *

4 * * * Tax Credit for Affordable Housing; Down Payment Assistance * * *

5 Sec. 2. 32 V.S.A. § 5930u is amended to read:

6 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

7 (a) As used in this section:

8 (1) “Affordable housing project” or “project” means:

9 (A) a rental housing project identified in 26 U.S.C. § 42(g); or

10 (B) owner-occupied housing identified in 26 U.S.C. § 143 (c)(1) or
11 that qualifies under Vermont Housing Finance Agency criteria governing
12 owner-occupied housing.

13 (2) “Affordable housing tax credits” means the tax credit provided by
14 this subchapter.

15 (3) “Allocating agency” or “Agency” means the Vermont Housing
16 Finance Agency.

17 (4) “Committee” means the Joint Committee on Tax Credits consisting
18 of five members: a representative from the Department of Housing and
19 Community ~~Affairs~~ Development, the Vermont Housing and Conservation
20 Board, the Vermont Housing Finance Agency, the Vermont State Housing
21 Authority, and the Office of the Governor.

1 (5) “Credit certificate” means a certificate issued by the allocating
2 agency to a taxpayer that specifies the amount of affordable housing tax credits
3 that can be applied against the taxpayer’s individual or corporate income tax,
4 or franchise, captive insurance premium, or insurance premium tax liability as
5 provided in this subchapter.

6 (6) “Eligible applicant” means any municipality, ~~private sector~~
7 ~~developer~~, State agency as defined in 10 V.S.A. § 6301a, the Vermont Housing
8 Finance Agency, a for-profit organization, or a nonprofit organization
9 qualifying under 26 U.S.C. § 501(c)(3) or cooperative housing organization,
10 the purpose of which is to create and retain affordable housing for Vermonters
11 with lower income and which has in its bylaws a requirement that the housing
12 the organization creates be maintained as affordable housing for Vermonters
13 with lower income on a perpetual basis meeting the application requirements
14 of the allocation plan.

15 (7) “Eligible cash contribution” means an amount of cash:

16 (A) contributed to the owner, developer, or sponsor of an affordable
17 housing project and determined by the allocating agency as eligible for
18 affordable housing tax credits; or

19 (B) paid to the Agency in connection with the purchase of affordable
20 housing tax credits.

1 (8) “Section 42 credits” means tax credit provided by 26 U.S.C.
2 §§ 38 and 42.

3 (9) “Allocation plan” means the plan recommended by the Committee
4 and approved by the Vermont Housing Finance Agency, which sets forth the
5 eligibility requirements and process for selection of eligible rental housing
6 projects to receive affordable housing tax credits and eligible owner-occupied
7 housing projects to receive loans or grants under this section. The allocation
8 plan shall include:

9 (A) requirements for creation and retention of affordable housing for
10 persons with low income; and

11 (B) requirements to ensure that eligible rental housing is maintained
12 as affordable by subsidy covenant, as defined in 27 V.S.A. § 610 on a
13 perpetual basis and that eligible owner-occupied housing or program funds for
14 owner-occupied housing remain as an affordable housing source for future
15 owners or buyers, and meets all other requirements of the Vermont Housing
16 Finance Agency related to affordable housing.

17 (10) “Taxpayer” means a taxpayer who makes an eligible cash
18 contribution or the assignee or transferee of or successor to such taxpayer as
19 determined by the Department of Taxes.

20 (b) Eligible tax credit allocations.

21 (1) Affordable housing credit allocation for rental housing.

1 (A) An eligible applicant may apply to the allocating agency for an
2 allocation of affordable rental housing tax credits under this section related to
3 an affordable housing project authorized by the allocating agency under the
4 allocation plan. In the case of a specific affordable rental housing project,
5 the eligible applicant shall also be the owner or a person having the right to
6 acquire ownership of the building and shall apply prior to placement of the
7 affordable housing project in service. ~~In the case of owner-occupied housing~~
8 ~~units, the applicant shall ensure that the allocated housing or program funds~~
9 ~~remain as an affordable housing resource for future owners.~~ The allocating
10 agency shall issue a letter of approval if it finds that the applicant meets the
11 priorities, criteria, and other provisions of subdivision (B) of this
12 subdivision (b)(1). The burden of proof shall be on the applicant.

13 (B) Upon receipt of a completed application, the allocating agency
14 shall award an allocation of affordable housing tax credits with respect to a
15 project to an applicant, provided the applicant demonstrates to the satisfaction
16 of the allocating agency all of the following:

17 (i) The owner of the project has received from the allocating
18 agency a binding commitment for, a reservation or allocation of, or an out-of-
19 cap determination letter for, Section 42 credits, or meets the requirements of
20 the allocation plan for development or financing of units to be owner-occupied.

21 (ii) The project has received community support.

1 (2) Affordable housing credit allocation for loans or grants for owner-
2 occupied housing.

3 (A) The Vermont Housing Finance Agency shall have the authority
4 to allocate affordable housing tax credits to provide funds to make loans or
5 grants to eligible applicants for affordable owner-occupied housing. An
6 eligible applicant may apply to the allocating agency for a loan or grant under
7 this section related to an affordable owner-occupied housing project authorized
8 by the allocating agency under the allocation plan. In the case of a specific
9 affordable owner-occupied housing project, the eligible applicants shall also be
10 the owner or a person having the right to acquire ownership of the unit and
11 shall apply prior to sale of the unit to the homeowner.

12 (B) The Agency shall require that the loan or grant recipient use such
13 funds to maintain the unit as an affordable owner-occupied unit or as an
14 affordable housing source for future owners or buyers.

15 (C) The Agency shall use the proceeds of loans or grants made under
16 subdivision (b)(2)(A) of this section for future loans or grants to eligible
17 applicants for affordable owner-occupied housing projects.

18 (D) The Agency may assign its rights under any loan or grant made
19 under subdivision (b)(2)(A) of this section to any State agency or nonprofit
20 organization qualifying under 26 U.S.C. § 501(c)(3) so long as such assignee

1 acknowledges and agrees to comply with the provisions of subdivision (b)(2)
2 of this section.

3 (3) Down Payment Assistance Program.

4 (A) The Vermont Housing Finance Agency shall have the authority
5 to allocate affordable housing tax credits to finance down payment assistance
6 loans that meet the following requirements:

7 (i) the loan is made in connection with a mortgage through an
8 Agency program;

9 (ii) the borrower is a first-time ~~homebuyer~~ home buyer of an
10 owner-occupied primary residence; and

11 (iii) the borrower uses the loan for the borrower's down payment
12 or closing costs, or both.

13 (B) The Agency shall require the borrower to repay the loan upon the
14 transfer or refinance of the residence.

15 (C) The Agency shall use the proceeds of loans made under the
16 Program for future down payment assistance.

17 (c) Amount of credit. A taxpayer ~~who makes an eligible cash contribution~~
18 shall be entitled to claim against the taxpayer's individual income, corporate,
19 franchise, captive insurance premium, or insurance premium tax liability a
20 credit in an amount specified on the taxpayer's credit certificate. The first-year

1 allocation of a credit amount to a taxpayer shall also be deemed an allocation
2 of the same amount in each of the following four years.

3 (d) Availability of credit. The amount of affordable housing tax credit
4 ~~allocated with respect to a project~~ set forth on the taxpayer's credit certificate
5 shall be available to the taxpayer every year for five consecutive tax years,
6 beginning with the tax year in which the eligible cash contribution is made.
7 Total tax credits available to the taxpayer shall be the amount of the first-year
8 allocation plus the succeeding four years' deemed allocations.

9 (e) Claim for credit. A taxpayer claiming affordable housing tax credits
10 shall submit with each return on which such credit is claimed ~~a copy of the~~
11 ~~allocating agency's credit allocation to the affordable housing project and the~~
12 taxpayer's credit certificate and with respect to credits issued under
13 subdivision (b)(1), a copy of the allocating agency's credit allocation to the
14 affordable housing project. Any unused affordable housing tax credit may be
15 carried forward to reduce the taxpayer's tax liability for no more than
16 14 succeeding tax years, following the first year the affordable housing tax
17 credit is allowed.

18 (f) [Repealed.]

1 (g)(1) In any fiscal year, the allocating agency may award up to:

2 (A) \$400,000.00 in total first-year credit allocations to all applicants
3 for rental housing projects, for an aggregate limit of \$2,000,000.00 over any
4 given five-year period that credits are available under this subdivision (A);

5 (B) ~~\$300,000.00~~ \$425,000.00 in total first-year credit allocations for
6 loans or grants for owner-occupied unit financing or down payment loans as
7 provided in subdivision (b)(2) consistent with the allocation plan, including for
8 new construction and manufactured housing, for an aggregate limit of
9 ~~\$1,500,000.00~~ \$2,125,000.00 over any given five-year period that credits are
10 available under this subdivision (B).

11 (2) ~~In any fiscal year, total first-year credit allocations under subdivision~~
12 ~~(1) of this subsection plus succeeding year deemed allocations shall not exceed~~
13 ~~\$3,500,000.00~~ If the full amount of first-year credits authorized by an award is
14 not allocated to a taxpayer, the Agency may reclaim the amount not allocated
15 and re-award such allocations to other applicants, and such re-awards shall not
16 be subject to the limits set forth in subdivision (1) of this subsection.

17 (h)(1) In fiscal year 2016 through fiscal year ~~2022~~ 2019, the allocating
18 agency may award up to \$125,000.00 in total first-year credit allocations for
19 loans through the Down Payment Assistance Program created in
20 subdivision (b)(2) of this section.

1 (2) In any fiscal year, ~~total first-year credit allocations under~~
2 ~~subdivision (1) of this subsection plus succeeding year deemed allocations~~
3 ~~shall not exceed \$625,000.00~~ 2020 through fiscal year 2026, the allocating
4 agency may award up to \$250,000.00 in total first-year credit allocations for
5 loans through the Down Payment Assistance Program created in subdivision
6 (b)(3) of this section.

7 * * * Downtown Tax Credit Program * * *

8 Sec. 3. 32 V.S.A. chapter 151, subchapter 11J is amended to read:

9 Subchapter 11J. Vermont Downtown and Village Center Tax Credit Program

10 § 5930aa. DEFINITIONS

11 As used in this subchapter:

12 (1) “Qualified applicant” means an owner or lessee of a qualified
13 building involving a qualified project, but does not include ~~a religious entity~~
14 ~~operating with a primarily religious purpose~~; a State or federal agency or a
15 political subdivision of either; or an instrumentality of the United States.

16 (2) “Qualified building” means a building built ~~prior to 1983~~ at least
17 30 years before the date of application, located within a designated downtown
18 or village center, which upon completion of the project supported by the tax
19 credit will be an income-producing building not used solely as a single-family
20 residence. Churches and other buildings owned by religious organization may

1 be qualified buildings, but in no event shall tax credits be used for religious
2 worship.

3 (3) “Qualified code ~~or technology~~ improvement project” means a
4 project:

5 (A)(i) to install or improve platform lifts suitable for transporting
6 personal mobility devices, limited use/ or limited application elevators,
7 elevators, sprinkler systems, and capital improvements in a qualified building,
8 and the installations or improvements are required to bring the building into
9 compliance with the statutory requirements and rules regarding fire prevention,
10 life safety, and electrical, plumbing, and accessibility codes as determined by
11 the Department of Public Safety; ~~or~~

12 ~~(ii) to install or improve data or network wiring, or heating,~~
13 ~~ventilating, or cooling systems reasonably related to data or network~~
14 ~~installations or improvements, in a qualified building, provided that a~~
15 ~~professional engineer licensed under 26 V.S.A. chapter 20 certifies as to the~~
16 ~~fact and cost of the installation or improvement;~~

17 * * *

18 (7) “Qualified project” means a qualified code ~~or technology~~
19 improvement, qualified façade improvement, ~~qualified technology~~
20 ~~infrastructure project~~, or qualified historic rehabilitation project as defined by
21 this subchapter.

1 income tax, State corporate income tax, or bank franchise or insurance
2 premiums tax liability a credit of 50 percent of qualified expenditures up to a
3 maximum tax credit of \$12,000.00 for installation or improvement of a
4 platform lift, a maximum credit of ~~\$40,000.00~~ \$60,000.00 for the installation
5 or improvement of a limited use ~~or~~ or limited application elevator, a maximum
6 tax credit of ~~\$50,000.00~~ \$75,000.00 for installation or improvement of an
7 elevator, a maximum tax credit of \$50,000.00 for installation or improvement
8 of a sprinkler system, ~~a maximum tax credit of \$30,000.00 for the combined~~
9 ~~costs of installation or improvement of data or network wiring or a heating,~~
10 ~~ventilating, or cooling system,~~ and a maximum tax credit of \$50,000.00 for the
11 combined costs of all other qualified code improvements.

12 § 5930dd. CLAIMS; AVAILABILITY

13 (a) A taxpayer claiming credit under this subchapter shall submit to the
14 Department of Taxes with the first return on which a credit is claimed a copy
15 of the State Board's tax credit allocation.

16 (b) A credit under this subchapter shall be available for the first tax year in
17 which the qualified project is complete. In the alternative, the State Board may
18 allocate the credit available under this subchapter and make an allocation
19 available upon completion of any distinct phase of a qualified project. The
20 allocation and distinct phases of the qualified project shall be identified in the
21 application package approved by the State Board.

1 (c) If within ~~five~~ three years after the date of the credit allocation to the
2 applicant no claim for tax credit has been filed, the tax credit allocation shall
3 be rescinded, unless the project has an approved federal application for a
4 phased (60 month) project pursuant to Treasury Regulation 1.48-12(b)(2)(v), in
5 which case the credit will not be rescinded until five years from the date of the
6 credit allocation.

7 * * *

8 § 5930ee. LIMITATIONS

9 Beginning in fiscal year 2010 and thereafter, the State Board may award tax
10 credits to all qualified applicants under this subchapter, provided that:

11 (1) the total amount of tax credits awarded annually, together with sales
12 tax reallocated under section 9819 of this title, does not exceed ~~\$2,400,000.00~~
13 \$2,600,000.00;

14 * * *

15 * * * Estate Tax; Exclusion Amount * * *

16 Sec. 4. 32 V.S.A. § 7442a(b) is amended to read:

17 (b) The tax shall be computed as follows. The following rates shall be
18 applied to the Vermont taxable estate:

19 Amount of Vermont Taxable Estate	Rate of Tax
20 Under \$2,750,000.00	None

1	\$2,750,000.00 or more	16 percent of the excess
2		over \$2,750,000.00
3	<u>Under \$4,250,000.00</u>	<u>None</u>
4	<u>\$4,250,000.00 or more</u>	<u>16 percent of the excess</u>
5		<u>over \$4,250,000.00</u>

6 The resulting amount shall be multiplied by a fraction not greater than one,
7 where the numerator of which is the value of the Vermont gross estate plus the
8 value of gifts under 32 V.S.A. § 7402(14)(C) with a Vermont situs, and the
9 denominator of which is the federal gross estate plus the value of gifts under
10 subdivision 7402(14)(C) of this title.

11 Sec. 5. 32 V.S.A. § 7442a(b) is amended to read:

12 (b) The tax shall be computed as follows. The following rates shall be
13 applied to the Vermont taxable estate:

14	Amount of Vermont Taxable Estate	Rate of Tax
15	Under \$4,250,000.00	None
16	\$4,250,000.00 or more	16 percent of the excess
17		over \$4,250,000.00
18	<u>Under \$5,000,000.00</u>	<u>None</u>
19	<u>\$5,000,000.00 or more</u>	<u>16 percent of the excess</u>
20		<u>Over \$5,000,000.00</u>

1 The resulting amount shall be multiplied by a fraction not greater than one,
2 where the numerator of which is the value of the Vermont gross estate plus the
3 value of gifts under 32 V.S.A. § 7402(14)(C) with a Vermont situs, and the
4 denominator of which is the federal gross estate plus the value of gifts under
5 subdivision 7402(14)(C) of this title.

6 * * * Rooms Tax; Booking Agents * * *

7 Sec. 6. 32 V.S.A. § 9202 is amended to read:

8 § 9202. DEFINITIONS

9 The following words, terms, and phrases when used in this chapter shall
10 have the meanings ascribed to them in this section unless the context clearly
11 indicates a different meaning:

12 * * *

13 (4) “Operator” means any person, or his or her agent, operating a hotel,
14 whether as owner or proprietor or lessee, sublessee, mortgagee, licensee, or
15 otherwise; and any person, or his or her agent, charging for a taxable meal or
16 alcoholic beverage; and any person, or his or her agent, engaged in both of the
17 foregoing activities. The term “operator” shall include booking agents. In the
18 event that an operator is a corporation or other entity, the term “operator” shall
19 include any officer or agent of such corporation or other entity who, as an
20 officer or agent of the corporation, is under a duty to pay the gross receipts tax
21 to the Commissioner as required by this chapter.

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* * *

(8) "Rent" means the consideration received for occupancy valued in money, whether received in money or otherwise, including all receipts, cash, credits, and property or services of any kind or nature, and also any amount for which the occupant is liable for the occupancy without any deduction therefrom whatsoever; and any monies received in payment for time-share rights at the time of purchase; provided, however, that such money received shall not be considered rent and thus not taxable if a deeded interest is granted to the purchaser for the time-share rights. The term "rent" shall include all amounts collected by booking agents except the tax required to be collected under this chapter. The term "rent" shall not include rental charges for living quarters, sleeping, or household accommodations to any student necessitated by attendance at a school as defined herein.

* * *

(20) "Booking agent" means a person who facilitates the rental of an occupancy and collects rent for an occupancy and who has the right, access, ability, or authority, through an Internet transaction or any other means, to offer, reserve, book, arrange for, remarket, distribute, broker, resell, or facilitate an occupancy that is subject to the tax under this chapter.

1 Sec. 7. 32 V.S.A. § 9271 is amended to read:

2 § 9271. LICENSES REQUIRED

3 Each operator prior to commencing business shall register with the
4 Commissioner each place of business within the State where he or she operates
5 a hotel or sells taxable meals or alcoholic beverages; provided, however, that
6 an operator who sells taxable meals through a vending machine shall not be
7 required to hold a license for each individual machine, and a booking agent
8 shall not be required to hold a separate license for each property the rental of
9 that it facilitates. Upon receipt of an application in such form and containing
10 such information as the Commissioner may require for the proper
11 administration of this chapter, the Commissioner shall issue without charge a
12 license for each such place in such form as he or she may determine, attesting
13 that such registration has been made. No person shall engage in serving
14 taxable meals or alcoholic beverages or renting hotel rooms without the license
15 provided in this section. The license shall be nonassignable and
16 nontransferable and shall be surrendered to the Commissioner if the business is
17 sold or transferred or if the registrant ceases to do business at the place named.

1 by regulation to determine when persons are acting in concert. In adopting a
2 regulation for this purpose, the Commissioner shall consider the following:

3 (i) Persons must be treated as acting in concert when they have a
4 relationship with each other such that one person influences or controls the
5 actions of another through common ownership.

6 (ii) When persons are not commonly owned or controlled, they
7 must be treated as acting in concert only when the unity with which the
8 purchasers have negotiated and will consummate the transfer of ownership
9 interest supports a finding that they are acting as a single person. If the
10 acquisitions are completely independent, with each purchaser buying without
11 regard to the identity of the other purchasers, the acquisitions must be
12 considered separate acquisitions.

13 Sec. 9. 32 V.S.A. § 9602 is amended to read:

14 § 9602. TAX ON TRANSFER OF TITLE TO PROPERTY

15 A tax is hereby imposed upon the transfer ~~by deed~~ of title to property
16 located in this State. The amount of the tax equals one and one-quarter percent
17 of the value of the property transferred, or \$1.00, whichever is greater, except
18 as follows:

19 * * *

1 Sec. 10. 32 V.S.A. § 9603 is amended to read:

2 § 9603. EXEMPTIONS

3 The following transfers are exempt from the tax imposed by this chapter:

4 * * *

5 (6) Transfers to effectuate a mere change of identity or form of
6 ownership or organization where there is no change in beneficial ownership;

7 * * *

8 (25) Transfer made by a limited liability company to a member in
9 connection with a complete dissolution of the limited liability company,
10 pursuant to which transfer no gain or loss is recognized under the Internal
11 Revenue Code, except where the Commissioner finds that a major purpose of
12 such dissolution is to avoid the property transfer tax;

13 (26) Transfers of controlling interests in a person with a fee interest in
14 property if the transfer of the property would qualify for exemption if
15 accomplished by deed of the property between the parties to the transfer of the
16 controlling interest.

17 Sec. 11. 32 V.S.A. § 9606(a) is amended to read:

18 (a) A property transfer return complying with this section shall be delivered
19 to a town clerk;

20 (1) In the case of property transfer by deed, at the time a deed
21 evidencing a transfer of title to property is delivered to the clerk for recording.

1 deed or document evidencing the transfer or acquisition of a direct or indirect
2 controlling interest in any person with title to property to which is not attached
3 a properly executed transfer tax return, complete and regular on its face, and a
4 certificate in the form prescribed by the Natural Resources Board and the
5 Commissioner of Taxes that the conveyance of the real property and any
6 development thereon by the seller is in compliance with or exempt from the
7 provisions of 10 V.S.A. chapter 151. The certificate shall indicate whether or
8 not the conveyance creates the partition or division of land. If the conveyance
9 creates a partition or division of land, there shall be appended the current “Act
10 250 Disclosure Statement,” required by 10 V.S.A. § 6007. A town clerk who
11 violates this section shall be fined \$50.00 for the first such offense and \$100.00
12 for each subsequent offense. A person who purposely or knowingly falsifies
13 any statement contained in the certificate required is punishable by fine of not
14 more than \$500.00 or imprisonment for not more than one year, or both.

15 Sec. 14. 32 V.S.A. § 9618 is amended to read:

16 § 9618. DUTY TO REPORT STOCK ACQUISITIONS

17 Each person who acquires a controlling interest in a corporation, whether by
18 one or more than one transfer of stock, shall, if the fair market value of all real
19 property held in this State by the corporation exceeds \$500,000.00, report to
20 the Commissioner of Taxes, within 30 days after the acquisition, the fair
21 market value of all real property held in this State by the corporation at the

1 time of the acquisition of the controlling interest. ~~As used in this section, a~~
2 ~~“controlling interest” means 50 percent or more of the total combined voting~~
3 ~~power of all classes of stock of the corporation.~~

4 * * * Land Gains Tax * * *

5 Sec. 15. 32 V.S.A. § 10002 is amended to read:

6 § 10002. LAND AND RESIDENCES

7 (a) “Land” means all land, whether or not improved, ~~but does not include~~
8 ~~land not exceeding 10 acres, necessary for the use of a dwelling used by the~~
9 ~~seller of such land as his or her principal residence~~ that has been purchased and
10 subdivided by the transferor within the six years prior to the sale or exchange
11 of the land. Buildings or other structures are not included in this definition of
12 land. “Land” also means timber or rights to timber when that timber or those
13 timber rights are sold within six years of their purchase, provided the
14 underlying land is also sold within six years. “Underlying land” means the
15 land from which timber or timber rights have been separated, whether
16 subdivided or not. As used in this subsection, the term “subdivision” means a
17 subdivision under local zoning bylaws, or, in a municipality which does not
18 have duly adopted permanent zoning and subdivision bylaws, “subdivision”
19 means a tract or tracts of land, owned or controlled by a person, that the person
20 has partitioned or divided for the purpose of sale or transfer. Subdivision shall
21 be deemed to have occurred on the conveyance of the first lot or the filing of a

1 plat, plan, or deed in the town records, whichever first occurs. A subdivision
2 shall not include a boundary adjustment between adjacent parcels.

3 * * *

4 (p) Also excluded from the definition of “land” is a transfer of ~~undeveloped~~
5 land in a Vermont neighborhood or neighborhood development area, a
6 downtown development district, a village center, a growth center, or a new
7 town center development district designated under 24 V.S.A. chapter 76A
8 ~~which is the first transfer of that parcel following the original designation of~~
9 ~~the Vermont neighborhood or neighborhood development area.~~

10 * * *

11 Sec. 16. 32 V.S.A. § 10006(d) is added to read:

12 (d) If the property does not qualify as “land” under subsection 10002(a) of
13 this chapter, the parties to the transaction are relieved of any obligation to pay
14 the tax, file a return, or withhold the tax imposed by this chapter. If the
15 property qualifies as “land” under subsection 10002(a) of this chapter, but an
16 exclusion is claimed under any of the remaining subsections of section 10002,
17 the parties to the transaction must still comply with the obligations to pay, file,
18 and withhold, as specified under this chapter.

1 Sec. 19. 2017 Acts and Resolves No. 73, Sec. 18d is amended to read:

2 Sec. 18d. REPEAL

3 33 V.S.A. § 1955a (home health agency assessment) is repealed on July 1,
4 ~~2019~~ 2021.

5 * * * Effective Dates * * *

6 Sec. 20. EFFECTIVE DATES

7 This act shall take effect on passage, except for:

8 (1) Secs. 1 (capital gains exclusion), 3 (downtown and village center tax
9 credit), 4 (estate tax rates), 6–7 (rooms tax), 8–14 (property transfer tax), and
10 17 (fuel tax) shall take effect on July 1, 2019.

11 (2) Secs. 4 (estate tax exclusion at \$4,250,000.00) and 15–16 (land gains
12 tax) shall take effect January 1, 2020.

13 (3) Sec. 5 (estate tax exclusion at \$5,000,000.00) shall take effect on
14 January 1, 2021.